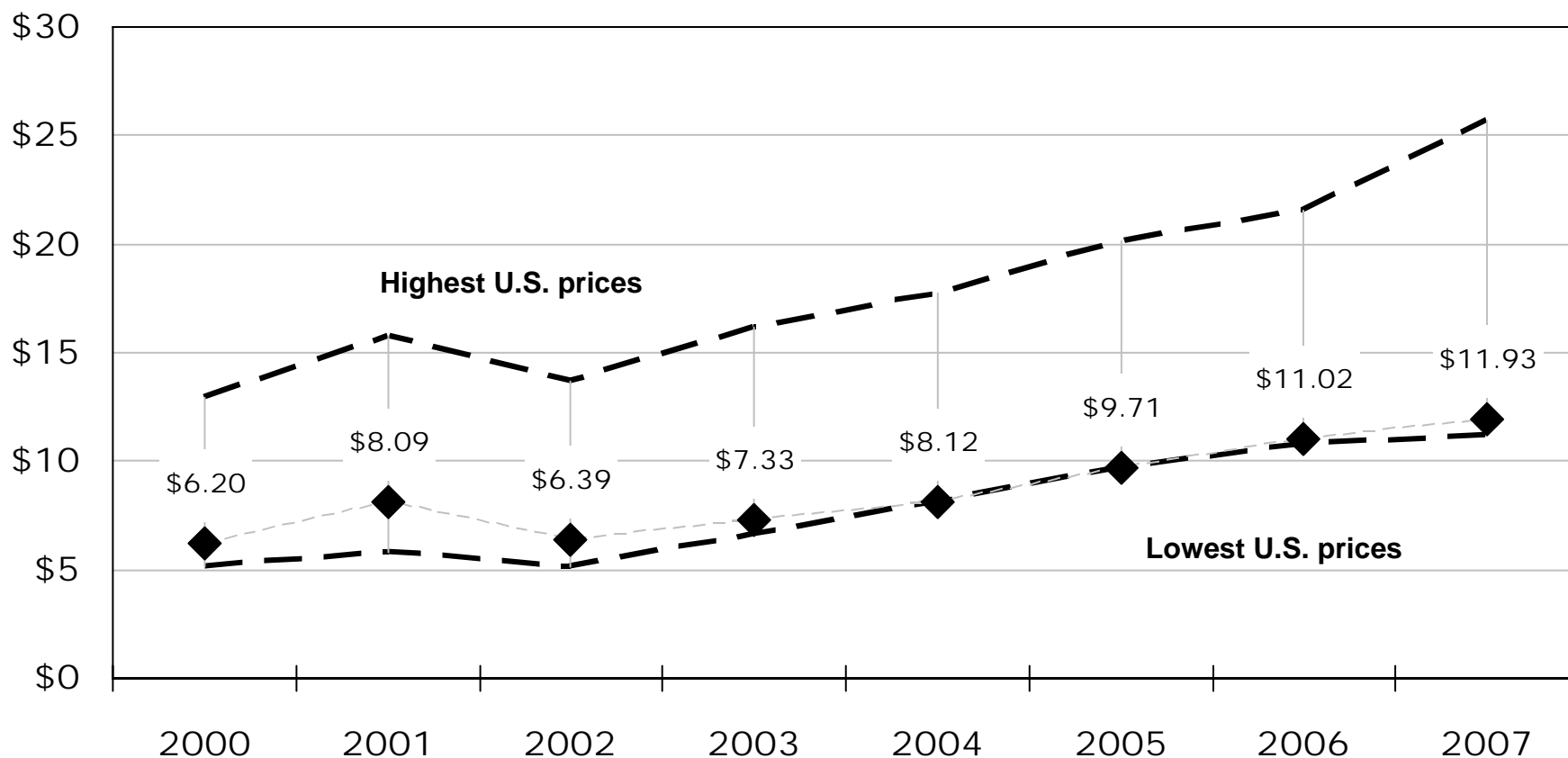




# Questar Gas

2008 General Rate Case

# Utah's residential gas rates have been the lowest in the continental U.S.



◆ Utah residential gas price

\$ per Mcf; Source: U.S. Energy Information Administration;  
Hawaii and Alaska removed due to unique supply situations



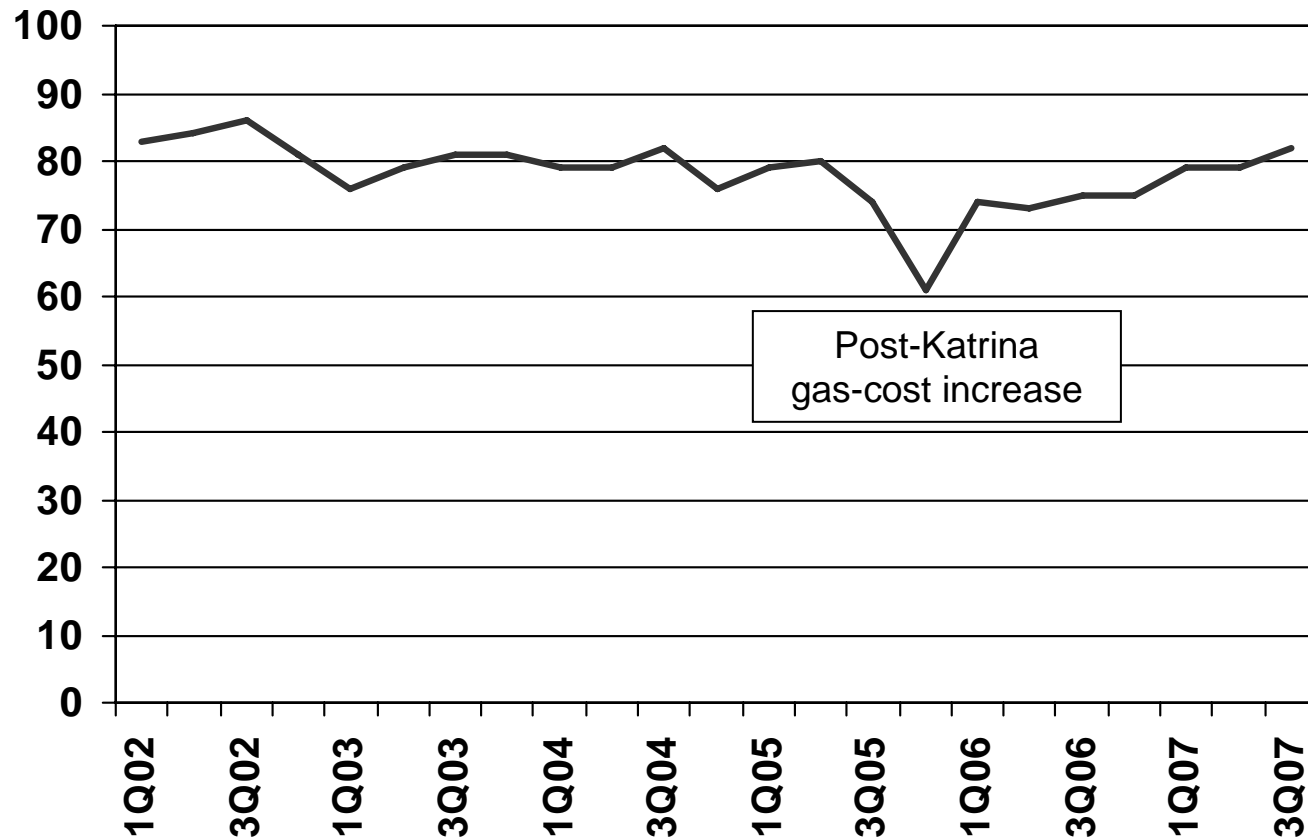
## Questar Gas service is reliable

- No major service interruptions in 78 years.
- January 2007 near-peak-day event:
  - Deliveries above previous one-day record for four consecutive days.
  - Record-day deliveries of 1,091,288 Dth compared to a projected peak-day capacity of 1,163,000 Dth.
  - All customers' demand met with no interruption.

# Questar Gas is a top performer among comparable utilities

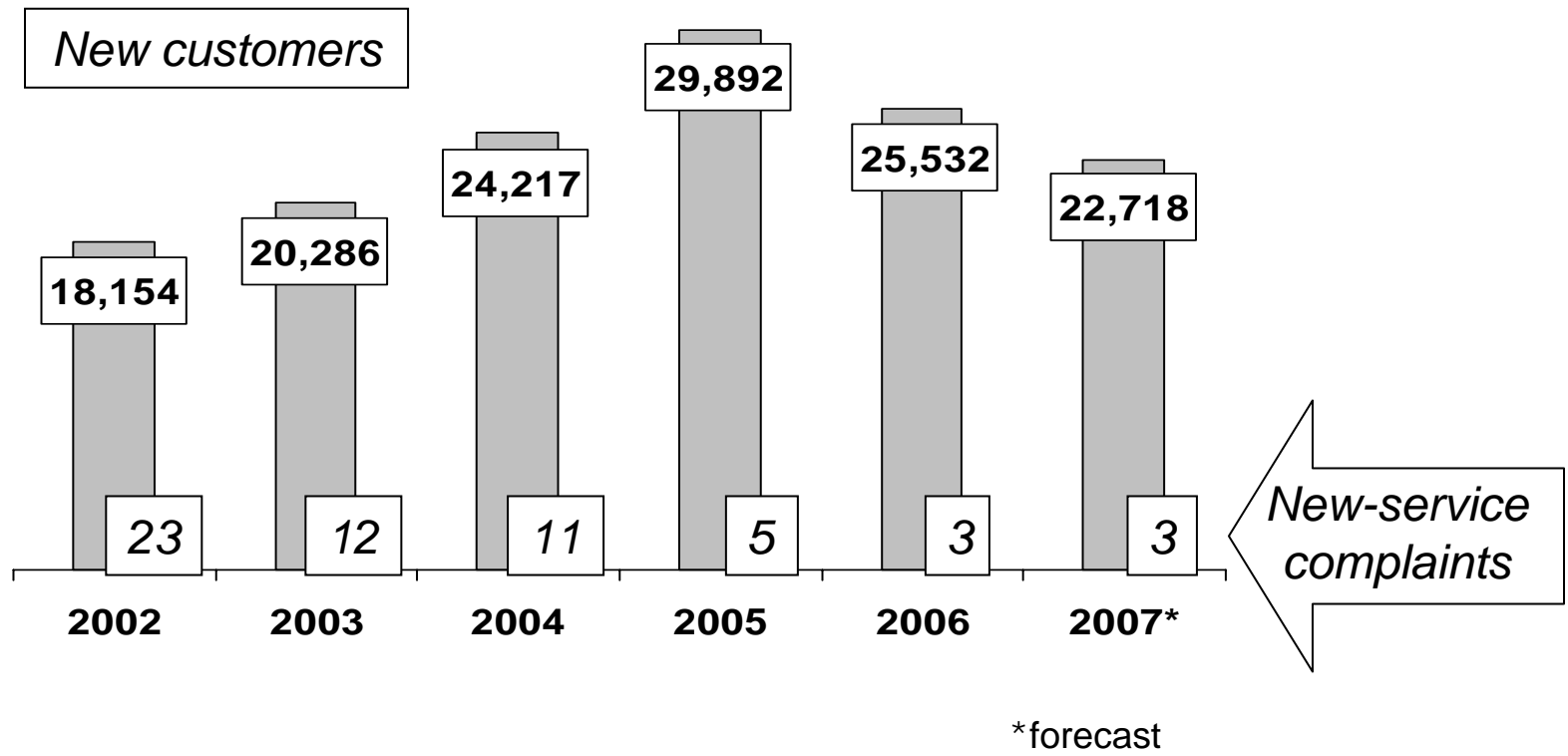
- Ranked 1<sup>st</sup> overall 2003 – 2006
- 20 companies ranked on 20 factors:
  - Residential average rate
  - System average rate
  - Customers/employee
  - Employees/miles of main line
  - Labor expense/employee
  - Capital expense/new customer
  - Net plant/miles of main line
  - Distribution O&M/customer
  - Distribution O&M/Dth
  - Distribution O&M/miles of main line
  - Purchased-gas cost/Dth
  - Customer expense/customer
  - Customer expense/Dth
  - Uncollected accounts/customer
  - Uncollected accounts/Dth
  - Admin. & Gen. expense/Dth
  - Admin. & Gen. expense/Dth
  - Gross margin/Dth
  - Net income/customer
  - Net income/Dth
- Service provided for \$300 million less than same service from 20 comparable companies in 2006 alone.

# Questar Gas maintains consistently high customer-satisfaction ratings

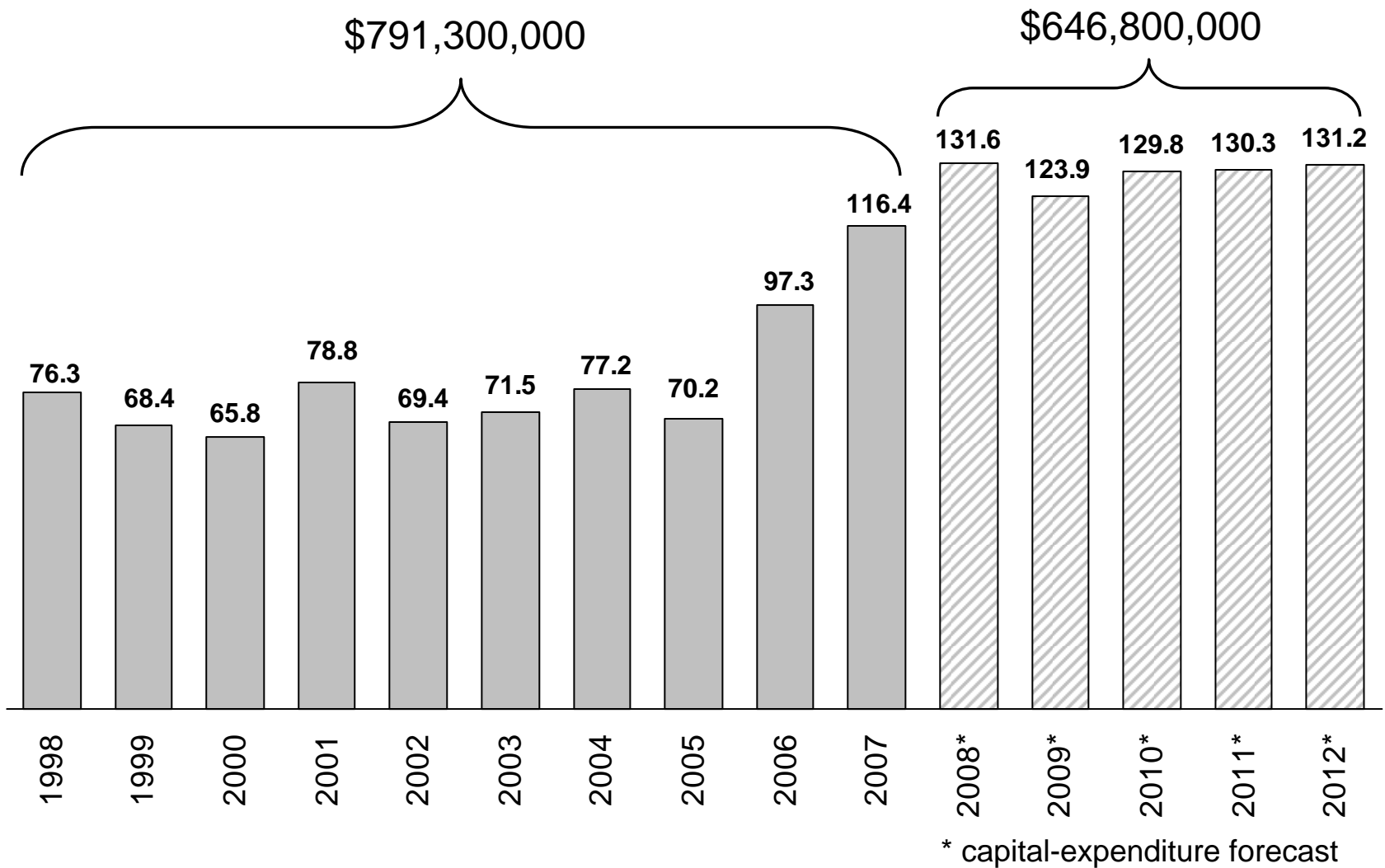


Percentage of customers rating service as favorable

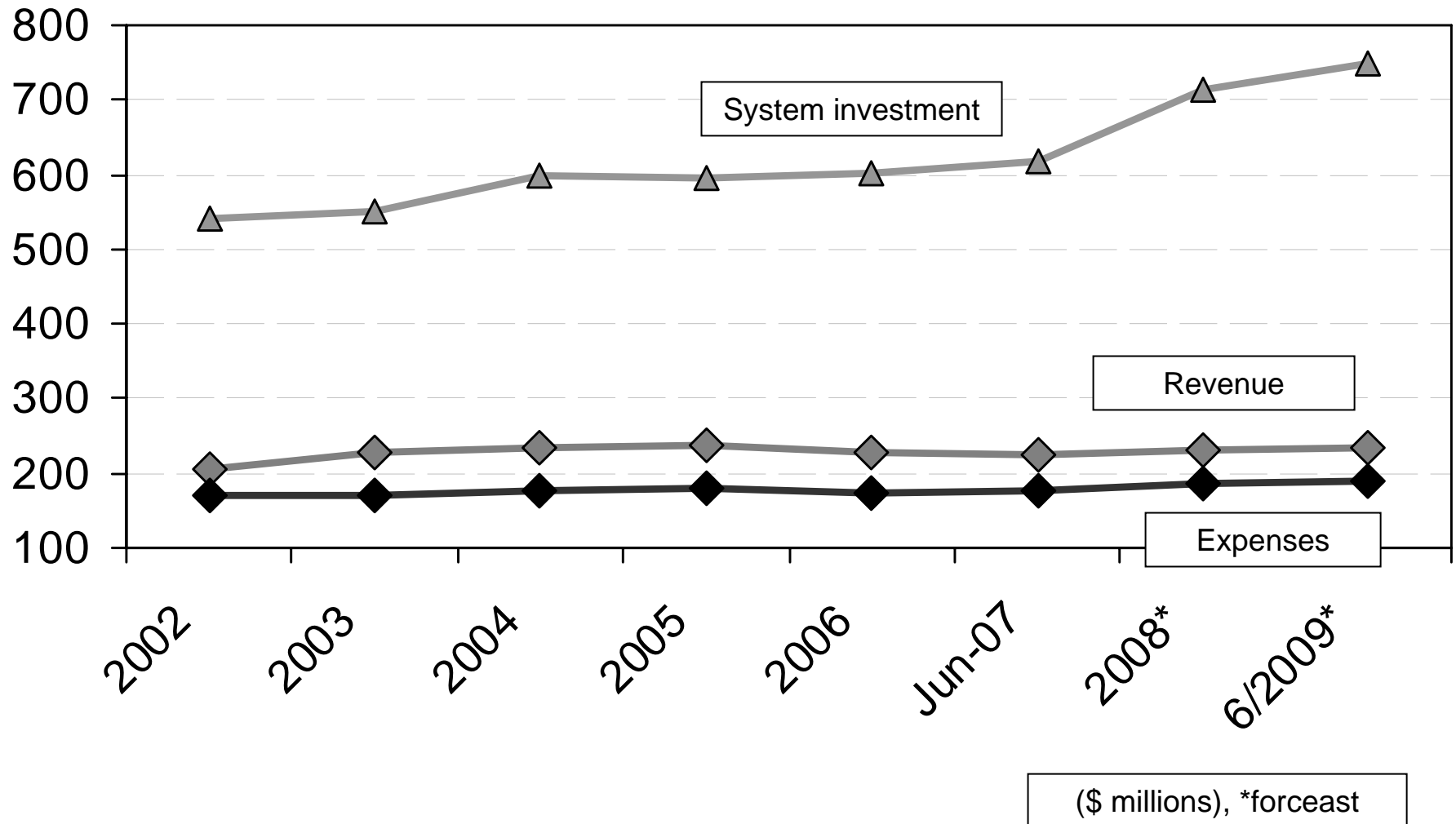
# Questar Gas is meeting demand for new service with few complaints



# Questar Gas customer growth demands increasing infrastructure investment

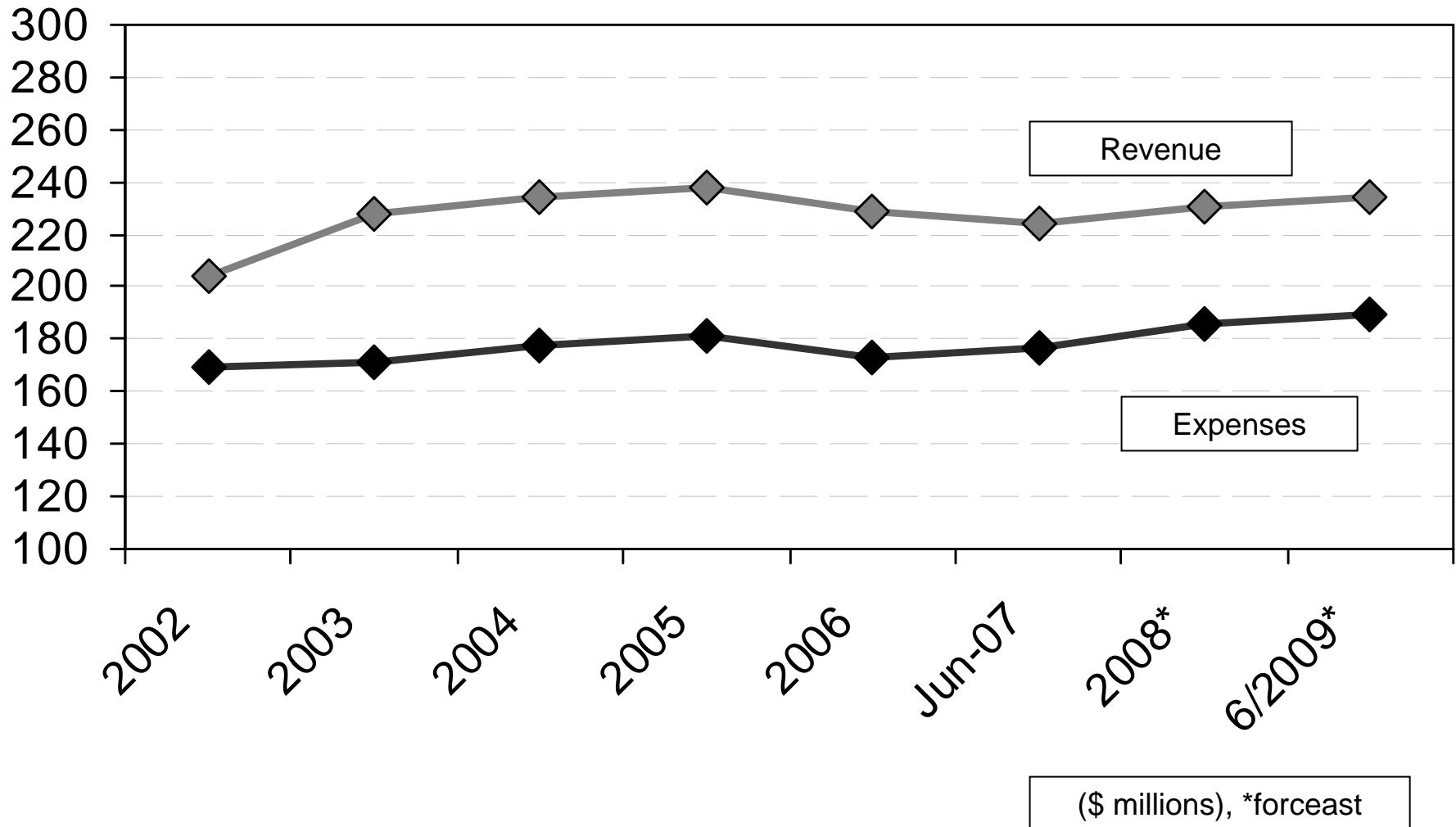


# System growth and operating expenses are increasing faster than revenues





# System growth and operating expenses are increasing faster than revenues



# Ratemaking 101

## Types of rate cases Questar Gas files

- *Pass-through cases* allow Questar Gas to adjust rates to reflect changes in gas costs.
- *General rate cases* adjust rates to reflect changes in the company's *non-gas (operating) costs*.

## The per-Dth charge on your bill combines both types of costs

- *Gas costs*, or the amount Questar Gas pays for the gas it resells to customers at no markup.
- *Non-gas costs*, which include the costs of operating and maintaining the distribution system.

## Where your dollar goes

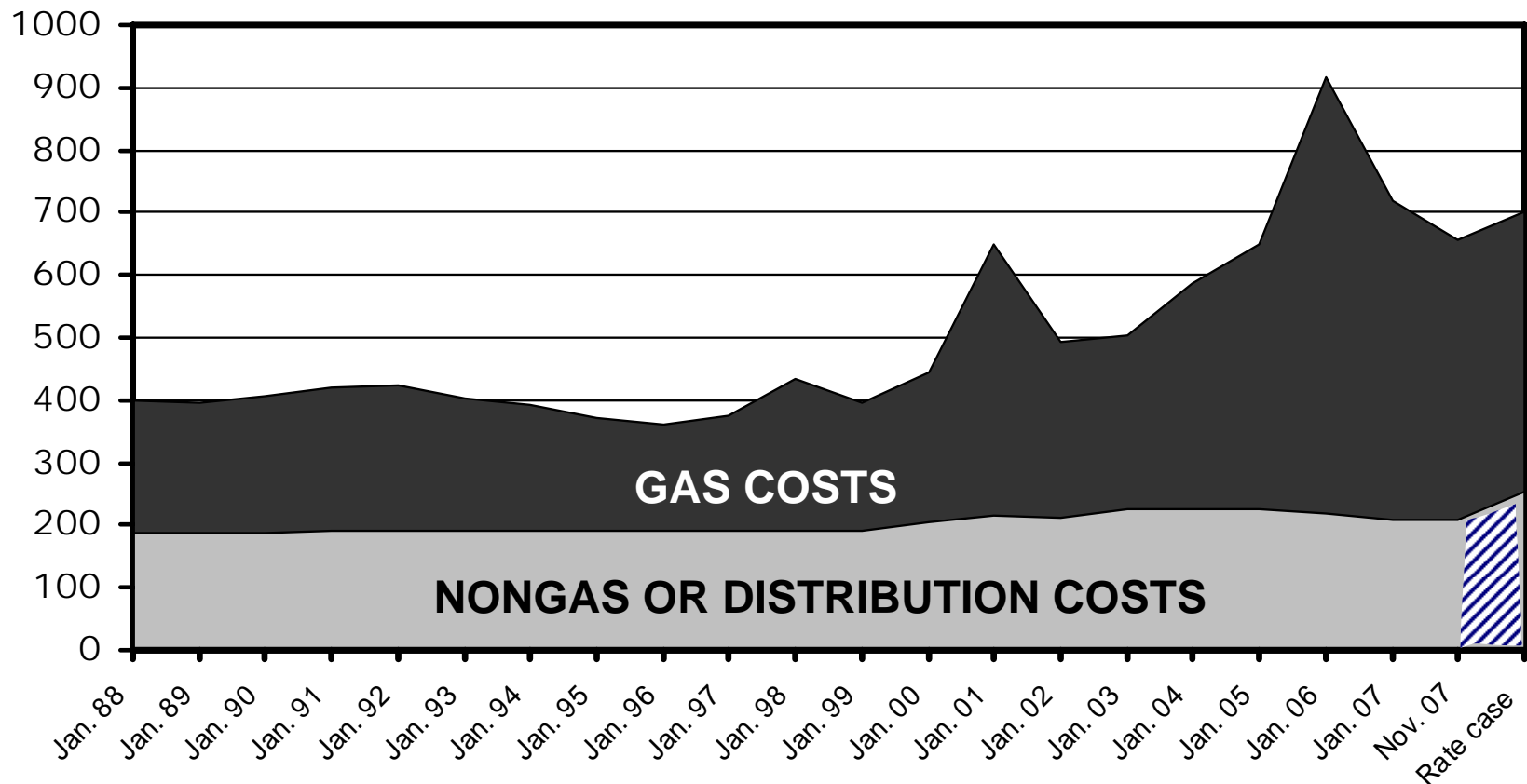
Gas supply (61¢) and interstate transport (12¢)



Pipes, people, trucks, taxes and profit (27¢)



Gas prices have driven rate changes;  
Questar Gas distribution costs have been flat



Utah annual typical residential bill

# Utah Rate Schedules

<b><i>CURRENT</i></b>	<b><i>PROPOSED</i></b>
GS-1 (General Service #1)	GSR (General Service Residential)
	GSC (General Service Commercial)
GSS (General Service South)	GSE (General Service Expansion)
F-1 (Firm Service #1)	FS (Firm Service)
F-3 (Firm Service #3)	eliminated
F- 4 (Firm Service #4)	eliminated
NGV (Natural Gas Vehicles)	NGV (Natural Gas Vehicles)
I - 4 (Interruptible Sales #4)	IS (Interruptible Service)
IS - 4 (Interruptible South Sales #4)	ISE (Interruptible Service Expansion)
MT (Municipal Transportation)	MT (Municipal Transportation)
FT - 1 (Firm Transportation #1)	FT (Firm Transportation)
FT - 2 (Firm Transportation #2)	TS (Transportation Service)
IT (Interruptible Transportation)	
IT- S (Interruptible Transportation South)	TSE (Transportation Service Expansion)
E - 1 (Emergency #1)	ES (Emergency Service)
T - 1 (Temporary #1)	eliminated

# Firm-delivery rate changes

<i>Customer</i>	<i>Annual Usage</i>	<i>Bill</i>		<i>Increase</i>
		<i>Current</i>	<i>Proposed</i>	
GS (General Service)	80 dth	\$658 (\$54.81/mo)	\$704 (\$58.73/mo)	7.16%
GSC (General Service Commercial)	728 dth	\$5,096 (\$424.66/mo)	\$5,383 (\$448.58/mo)	5.63%



# Questar Gas